

## Message Text

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72

ACTION ARA-20

INFO OCT-01 ISO-00 SPC-03 SAM-01 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 FEA-02 AGR-20 INT-08 TAR-02 DODE-00

PA-04 USIA-15 PRS-01 DRC-01 /191 W

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P R 282108Z FEB 74

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 406

INFO AMCONSUL CIUDAD JUAREZ UNN

AMCONSUL GUADALAJARA UNN

AMCONSUL HERMOSILLO UNN

AMCONSUL MATAMOROS UNN

AMCONSUL MAZATLAN UNN

AMCONSUL MERIDA UNN

AMCONSUL MONTERREY UNN

AMCONSUL NUEVO LAREDO UNN

AMCONSUL TIJUANA UNN

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E.O. 11652 N/A

TAGS: EGEN, MX

SUBJECT: ECONOMIC HIGHLIGHTS FROM BANCO DE MEXICO' ANNUAL REPORT

1. LIC. ERNESTO FERNANDEZ HURTADO, DIRECTOR OF THE BANCO DE MEXICO (CENTRAL BANK) MADE HIS ANNUAL REPORT ON THE MEXICAN ECONOMY TO THE BOARD OF GOVERNORS ON FEBRUARY 27. HIGHLIGHTS OF THE REPORT INCLUDE:

A. MEXICO'S GROSS NATIONAL PRODUCT (GNP) INCREASED BY SOME 7.1 TO 7.6 PERCENT DURING 1973;

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B. GNP GROWTH WAS LED BY AN 8.2 PERCENT GENERAL INCREASE IN THE

INDUSTRIAL SECTOR, WITH FOLLOWING PERCENTAGES INCREASES REPORTED: MANUFACTURING, 8; CONSTRUCTION, 8.5; ELECTRICAL ENERGY, 8.5; AND PETROCHEMICALS, 15. GROWTH IN OTHER SECTORS WAS MORE MODEST, WITH AGRICULTURAL PRODUCTION UP ONLY 1.7 PERCENT; LIVESTOCK UP 2.5 PERCENT; FORESTRY, 5 AND MINING, 2.5;

C. MEXICO CITY WHOLESALE PRICE INDEX OF 210 ARTICLES INCREASED BY 25.2 PERCENT DURING THE PERIOD DECEMBER 1972 THROUGH DECEMBER 1973, AS COMPARED WITH 5.4 PERCENT IN 1972; WHILE THE NATIONAL CONSUMER PRICE INDEX WAS UP 21.3 PERCENT AS COMPARED WITH AN INCREASE OF 5.4 PERCENT DURING 1972; IN HIS REPORT, FERNANDEZ HURTADO STRESSED THAT INFLATIONARY PRESSURES WERE NOT EXCLUSIVELY FROM EXTERNAL SOURCES, BUT THAT THE RAPID EXPANSION OF THE DOMESTIC ECONOMY, COUPLED WITH INCREASED DEMAND GENERATED BY WAGE INCREASES, WILL REQUIRE A "PERIOD OF ADJUSTMENT" BEFORE INFLATION CAN BE BROUGHT FULLY UNDER CONTROL. SOME SECTORS, HE NOTED, WILL HAVE TO GEAR UP MORE EFFICIENTLY TO SUPPLY THIS GROWING DEMAND, ADDING THAT GOM MONETARY AND FISCAL POLICIES WILL CONTINUE TO BE USED TO ACHIEVE NEEDED ECONOMIC GROWTH WHILE DAMPENING INFLATIONARY PRESSURES;

D. PRELIMINARY CENTRAL BANK ESTIMATE FOR MEXICO'S TRADE DEFICIT WAS 1.76 BILLION DOLLARS, WITH IMPORTS DURING 1973 OF 3.84 BILLION AND EXPORTS OF 2.08 BILLION DOLLARS;

E. BANK OF MEXICO GROSS RESERVES IMPROVED BY 122 MILLION DOLLARS DURING 1973, INCREASING FROM 1.285 BILLION DOLLARS ON DECEMBER 31, 1972 TO 1.407 BILLION DOLLARS AT THE END OF 1973.

F. FERNANDEZ HURTADO STRESSED THAT MAINTAINING PARITY WITH DOLLAR AND ABSTENTION FROM IMPOSITION OF EXCHANGE CONTROLS WERE KEY POINTS IN MEXICO'S ECONOMIC POLICY. "THE STRICT APPLICATION OF THIS TRADITIONAL POLICY OF FIXED EXCHANGE RATES WITH THE DOLLAR AND ABSOLUTE FREEDOM FROM EXCHANGE CONTROLS CONSTITUTE THE FUNDAMENTAL PILLARS OF OUR POLICY TO ACHIEVE THE OBJECTIVES OF THIS ADMINISTRATION, THIS IS, ECONOMIC DEVELOPMENT WITHOUT ANY DETERIORATION IN THE REAL INCOME OF THE LESS-ADVANTAGED SECTORS OF OUR POPULATION," THE CENTRAL BANK DIRECTOR SAID.

2. COMMENT: GNP GROWTH RANGE REPORTED BY CENTRAL BANK FELL LIMITED OFFICIAL USE

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SLIGHTLY BELOW ANTICIPATED GROWTH IN EIGHT PERCENT RANGE, WHICH HAD BEEN PREDICATED PUBLICLY BY TREASURY SECRETARY LOPEZ PORTILLO AND OTHERS IN RECENT WEEKS. UNCERTAINTY ON FINAL FIGURES DEPENDS ON GROWTH RECORDED IN COMMERCIAL AND SERVICE SECTORS, WHICH WILL NOT BE CALCULATED FOR SEVERAL MONTHS. PRELIMINARY FIGURES FOR TRADE DEFICIT REPORTED BY CENTRAL BANK IS SOME 70 MILLION DOLLARS GREATER THAN DEFICIT PRESENTED BY SECRETARIAT OF INDUSTRY AND COMMERCE AND FOREIGN TRADE OFFICIALS

FEBRUARY 26 (SEE MEXICO 1786). INCREASE IN GROSS RESERVES  
BELIEVED TO BE ATTRIBUTABLE TO GOM LONG-TERM CAPITAL BORROWING  
DURING 1973. AIRGRAM FOLLOWS.  
JOVA

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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